



Helping people live healthy, safe and satisfying lives in their communities

**Stage 2 Workforce Investment Initiative
For FY19 Designated and Specialized Service Agencies**

Act 82 and Act 85 enabled all designated & specialized services agencies to implement a \$14 minimum wage and increase wages for crisis staff with the \$8.37 million/2% funding increase in FY'18. The results are already evident.

- FY17 staff turnover rate decreased from 26.3% to 23.8% with the promise of new funding
- Turnover rates in FY'18 are showing improvement, including the crisis staff
- 2,000 staff received pay raises and now earn a minimum of \$28,000 per year

Vermont Care Partners requests the second stage of the workforce investment initiative - \$5.74 million in general funds to conceptually achieve a \$15 minimum wage for DA/SSA staff and with flexibility for agencies to target compensation increases to the most critical positions to meet community needs, address local labor market dynamics, and cover health benefit costs.

In FY18 Designated and Specialized Service Agencies experienced challenges in pay equity for staff receiving salaries just above the new minimum wage, because there were insufficient funds to address the compression of salary levels of staff. This led to some staff having the same or similar pay regardless of seniority, supervisory relationships, credentials, etc. which impacted morale.

After implementing the Stage 1 increase, we have found that market factors led to difficulty with recruiting staff at higher pay levels. Analysis conducted in FY18 by Vermont Care Partners identified significant pay gaps between our staff and state employees with similar credentials and responsibilities:

- o Bachelors level staff earned salaries \$21,344 below state employees for equivalent work and length of employment
- o Masters level clinicians earned salaries \$12,830 below state employees for equivalent work and length of employment
- o Licensed clinicians earned salaries \$18,768 below state employees for equivalent work and length of employment

Each community has unique needs and labor markets. Additionally, the cost of health benefit packages of agencies rise at various rates, often due to utilization patterns for those agencies that are self-insured. **Given these variables, flexibility in implementing compensation increases could maximize the value of the investment to the Vermonters served by the designated agency system.**